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UNDP FOLLOW-UP TO WTO INITIATIVES FOR LEAST DEVELOPED COUNTRIES

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I. BACKGROUND

1. At its first conference in Singapore in December 1996, the World Trade Organization (WTO) adopted the Comprehensive and Integrated WTO Plan of Action for the Least-Developed Countries, in which closer cooperation is envisaged between WTO and other multilateral agencies in assisting least-developed countries (LDCs) in the area of trade. Pursuant to the Plan of Action, it was agreed by the secretariats of WTO, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC) in collaboration with the International Monetary Fund (IMF), the World Bank and UNDP that an integrated framework for the provision of trade-related assistance should be drawn up and applied on a case-by-case basis to meet the needs identified by individual LDCs to enhance their supply response.

2. WTO organized the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development in Geneva on 27 to 28 October 1997. At that meeting, the Integrated Framework for Trade-Related Technical Assistance, drafted by the staff of the above six multilateral agencies was endorsed. During the High-Level Meeting, presentations were made on each of the countries concerned (Bangladesh, Chad, Djibouti, Guinea, Haiti, Madagascar, Mali, Nepal, Uganda, United Republic of Tanzania, Vanuatu and Zambia), by Ministries of those countries and by the representatives of the six multilateral agencies. The presentations included assessments of the countries' needs for trade-related technical assistance as well as the integrated response to those needs prepared by the six agencies concerned.

3. In addition to the review of the trade needs of the 12 countries noted above, the meeting took note that 22 other countries had submitted or were in the process of preparing similar needs assessments regarding trade development. It was decided that the review process for those countries should continue at the country level.

II. AIMS AND CONTENT OF THE INTEGRATED FRAMEWORK

4. The aims of the Integrated Framework is to strengthen LDC capacities in the area of trade and enhancing their supply response. By improved coordination, efforts will be made through the Framework to increase the benefits derived by LDCs from trade-related technical assistance available from the six agencies as well as other bilateral and multilateral sources. The Framework is characterized by three elements: (a) trade-related assistance should be demand driven; (b) coordination of technical assistance should be strengthened in the area of trade and for that purpose countries should carry out their own needs assessments followed by an integrated response by the six agencies; and (c) trade round-table meetings, at the country level, should be integrated in the UNDP round-table process and in the World Bank Consultative Group meetings. It is also recommended in the Framework that countries establish a focal point for trade-related matters. These trade focal points should receive substantive support, if requested, from World Bank and UNDP offices in the respective countries.

III. PARTICIPATION OF UNDP IN THE PREPARATION OF THE INTEGRATED FRAMEWORK

5. At the invitation of WTO, UNDP attended the interagency meetings held in 1997 to prepare the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development. The UNDP contribution included an inventory of trade and trade-related projects financed by UNDP in 48 LDCs; a review of past evaluations of trade projects; the drafting of a synthesis report and a policy paper on trade and sustainable human development, which was part of the official documentation for the High-Level Meeting, and substantive and logistical support for the UNDP country offices for the preparation of the country needs assessments. For the 12 countries referred to above, UNDP participated in the analysis of the technical assistance provided by the six agencies in relation to the needs expressed and contributed to the joint response of the six agencies. The Assistant Administrator and Director of the Bureau for Development Policy led the UNDP delegation at the High-Level Meeting. He made a presentation in the plenary session of the UNDP perspective on trade in the context of sustainable human development.

IV. FOLLOW-UP ACTIVITIES IN 1998

6. The implementation of the Integrated Framework in the 34 LDCs that have so far replied positively and prepared needs assessments will require considerable assistance from the six agencies. For the 12 countries that presented their needs assessments in Geneva, comprehensive follow-up should be ensured, including prioritization of activities and the development of capacity-building strategies. Use of the Integrated Framework should also include activities financed by other bilateral and multilateral donors. Dialogue between the Government and the private sector should be encouraged as well as the dissemination of information to civil society actors and the initiation of a dialogue on the challenges and stakes of the liberalization of the economy. For the remaining 22 countries, preparation of the joint response by the six agencies is almost completed and the steps outlined above for the implementation of the Integrated Framework should be developed according to the needs of each country. The methodology for monitoring and evaluation of the impact of the implementation of the Integrated Framework must also be designed.

7. For UNDP, participation in the implementation of the Integrated Framework could take the following forms: (a) at the headquarters level, continued participating in the interagency group, enhanced coordination between UNDP and the five other agencies and, within UNDP, design of instruments such as impact indicators to ensure the evaluation of the actions undertaken, and drafting of guidelines for trade round-table meetings and (b) at the country level, staff time required to work on trade-related matters, organize round-table meetings and draft projects and programmes. Advisory support to the national trade focal points may also be required.

8. During the pilot phase, it is proposed that headquarters staff be involved in the preparation of four round-table meetings to test the proposed methodology. Financing for these activities should be covered by the recently approved programme on globalization, liberalization and sustainable human

development. A provision of $300,000 has been earmarked in this programme to ensure a minimum of follow-up activities to the High-Level Meeting. This amount is sufficient to initiate pilot activities but insufficient for broader participation. Depending on the results achieved, mobilization of additional resources for this purpose may need to be initiated.

V. RECOMMENDATION FOR THE ENDORSEMENT OF THE INTEGRATED FRAMEWORK

9. The Integrated Framework is in accordance with the UNDP mandate and with past decisions adopted by the Executive Board in the area of technical cooperation. The implementation of the Integrated Framework by UNDP is covered by the existing legislation.

10. It is in the interest of UNDP to help Governments to develop trade policies within a sustainable human development perspective. Participation in the world economy through increased trade and foreign direct investment is a strategy that can set LDCs on an accelerated growth path at a time of declining development assistance. This cannot be achieved, however, without a simultaneous enhancement of sustainable human development in LDCs. Trade policies must thus be closely integrated within the broader sustainable human development paradigm. Globalization also involves considerable risks to LDCs and it is essential that Governments be made aware of them and given the tools to minimize potential negative consequences to their overall development strategies in an effective manner. In particular, more policy coherence between trade and development is required. UNDP needs to play a leadership role in articulating these different dimensions while leaving to WTO, UNCTAD and ITC the technical issues relating directly to trade, e.g., trade information, trade efficiency, and compliance.

11. As proposed by the Chairman of the High-Level Meeting in his concluding remarks, the Executive Board may wish to endorse the Integrated Framework contained in document WT/LDC/HL/Rev.1, made available to the Board under cover of document DP/1998/CRP.4.